

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7902

BILL NUMBER: SB 533

NOTE PREPARED: May 5, 2003

BILL AMENDED: Apr 26, 2003

SUBJECT: Confined Animal Feeding Operations.

FIRST AUTHOR: Sen. Jackman

FIRST SPONSOR: Rep. Bottorff

BILL STATUS: Enrolled

FUNDS AFFECTED: **X GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (CCR Amended) This bill establishes National Pollutant Discharge Elimination System (NPDES) permit procedures for concentrated animal feeding operations. The bill establishes civil penalties for confined feeding operations that commit multiple violations of water pollution control laws or rules or standards adopted by the Water Pollution Control Board relating to water pollution control laws.

Effective Date: Upon passage.

Explanation of State Expenditures: The proposal specifies that an operation may become subject to an NPDES permit, general or individual, under certain circumstances. IDEM currently operates a confined feeding operation approval system under state statute. There should not be a significant difference in resources required between administering an NPDES permit program for some CAFOs relative to the existing state statutory confined feeding operation approval system and the proposal. An administrative rule is currently under development to establish an NPDES general permit for federally defined concentrated animal feeding operations.

When a person files a notice of intent, the Commissioner must publish a notice requesting comments concerning the notice of intent. A comment period of at least 30 days must follow publication of a notice. During the comment period, interested persons may submit written comments to the Commissioner concerning the notice of intent. The notice of intent must also include a site plan. It is assumed that IDEM will be able to cover any additional administrative expenses resulting from this provision given existing resources.

Explanation of State Revenues: The proposal specifies that a \$150 fee shall be submitted with a notice of intent for a concentrated animal feeding operation NPDES general permit. The \$150 fee would apply to approximately 450 farms, generating an estimated \$67,500 for the five-year permit.

The proposal also specifies that a \$300 fee must be submitted for an individual NPDES permit for a concentrated animal feeding operation for an initial application, renewal, modification, or variance. An estimated 8 to 10 farms would apply for an initial permit per year, generating an estimated \$2,400 to \$3,000 per year. The number of modification and variance requests that will be submitted is unknown.

Total increase in revenue is estimated at \$70,000 for the first year with approximately \$2,500 for the subsequent four years. Revenue generated by the fees would be deposited into the Environmental Management Permit Operation Fund, a dedicated fund used for permitting and related activities.

Penalties. IDEM shall impose the following fines on violators:

- (1) \$5,000 per day for a violation that represents three or more violations in a five-year period.
- (2) \$10,000 per day for a violation that represents five or more violations in a ten-year period.

IDEM must distribute revenue that results from penalties as follows:

- (1) 75% to the Clean Water Indiana Fund
- (2) 15% to the soil and water conservation district in which the confined feeding operation is located.
- (3) 10% to the political subdivisions in which the confined feeding operation is located in proportion to the most recently collected property tax levies of those political subdivisions.

The impact of the above provision will depend on the number and nature of penalties assessed.

Explanation of Local Expenditures:

Explanation of Local Revenues: Local units could receive additional revenue if penalties of over \$25,000 per day are imposed.

State Agencies Affected: IDEM

Local Agencies Affected: Political Subdivisions.

Information Sources: IDEM

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